

An Analysis of Information Sources for Trust Development in Managerial Relationships

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ABSTRACT

This paper provides a conceptual analysis to address which factors that influence interpersonal trust are subject to change in their relative importance over the course of a manager-employee relationship and which factors are more likely to remain salient over time. The authors examine the utility of disposition to trust, social categories, trustor's moods/emotions, third party influences, history of interaction, and shared perspectives as sources of trust-related data over time. As a number of propositions are formulated to encourage future intellectual dialogue on trust development in managerial relationships, we suggest that some of the trust parameters may not receive the same weight in influencing people's cognitive processing to form trust over time and third party influences are the only trust parameter that may generate relatively strong effects on trust judgments in both initial and mature relationships.

Keywords: *trust, trustworthiness, manager-employee relationships, information sources.*

INTRODUCTION

Trust can be defined as the willingness to be vulnerable to another on the basis of one's belief in another party's goodwill (Mayer, Davis, and Schoorman, 1995). As recent studies have shown, interpersonal trust in vertical dyads can directly or indirectly lead to numerous desirable organizational outcomes, such as employees' job performance, organizational citizenship behavior, job satisfaction, organizational commitment, cooperation, and acceptance of goals and decisions (Colquitt, Scott, & LePine, 2007; Connell, Ferres, & Travaglione, 2003; Dirks & Ferrin, 2001, 2002). The benefits of interpersonal trust in managerial relationships suggest that developing trust can be an effective approach for hospitality managers to manage human capitals (Gill, 2008).

Researchers have begun to focus on identifying antecedents to trust in the workplace (Butler, 1991; Levin, Whitener, & Cross, 2006; Lewicki, Tomlinson, & Gillespie, 2006). The overall conclusion from a cognitive approach is that a series of observations and interactions enable individuals to update trust-related information and develop trust in others (Blau, 1986; Mayer et al., 1995; Williams, 2001). Thus, trust theorists note that trust is inextricably related to time and can be situation-specific (Schoorman, Mayer, & Davis, 2007). The assumption that there is a positive association between the levels of trust and the relationship length, however, may not always be the case (Dirks & Ferrin, 2002; McKnight, Cummings, & Chervany, 1998).

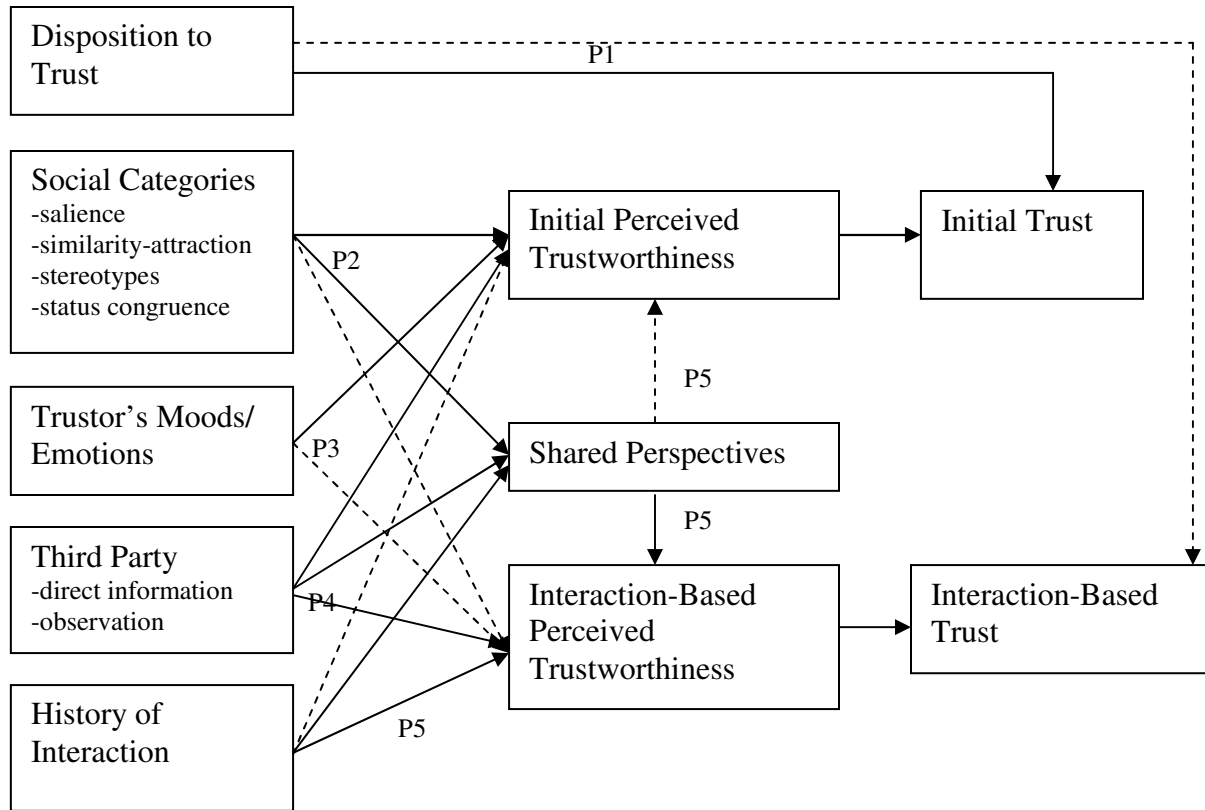
Even in brand new relationships, the level of trust can be fairly high or low. Alternatively, trust may grow, decline, or even reemerge over the course of a relationship.

Levin et al. (2006) argue that the relationship length matters because it may determine the relative importance of the bases on which individuals form their trust. While trustworthiness reflects accumulated perceptual experiences that engender trust in one another (Caldwell & Clapham, 2003), an individual's evaluation of a given actor's trustworthiness may rely on information sources other than observed behavioral characteristics, which are not always readily available for inferences of trustworthiness (Levin et al., 2006). In view of different information-processing approaches over time, Levin et al. identify demographic features, observed behaviors from previous interactions, and shared perspectives as trust-related knowledge sources over time from an information-processing perspective.

Levin and his colleagues' argument concerning the role of relationship length may be valid for each single relationship given the underlying assumption that the knowledge about a particular person increases over time, regardless of the pace and the direction of its growth. Nevertheless, simply using the relationship length as an index to understand how individuals in vertical dyads form trust in one another may overlook some antecedents whose importance may not vary over time. Questions, therefore, arise as to which factors that influence interpersonal trust are subject to change in their relative importance over the course of a manager-employee relationship and which factors are more likely to remain salient over time.

The aim of this paper is not to examine an exhaustive list of trust factors. Rather, its intention is to extend and further develop arguments made in Levin et al. (2006) by providing a discussion on the dynamic nature and relative importance of trust factors in vertical dyads over time at an individual and interpersonal level of analysis. In extending their framework, this paper examines the utility of disposition to trust, social categories, trustor's moods/emotions, third party influences, history of interaction, and shared perspectives as sources of trust-related data over time. To include an element of relationship length in our analysis, we used history of interaction to differentiate perceived trustworthiness into initial trustworthiness and interaction-based trustworthiness. The corresponding terms for trust are initial trust and interaction-based trust. The relationships between trust factors and perceived trustworthiness/trust in vertical dyads over time are summarized in Figure 1. The dashed line stands for a less pronounced relation; the solid line represents a more salient link between the variables.

Figure 1
Trust factors in a Manager-Employee Dyad over Time



CONCEPTUAL FRAMEWORK OF TRUST DEVELOPMENT

Disposition to trust

Trust theorists suggest that dispositional attributes can be a predictor of trust (Colquitt et al., 2007). Incorporating social learning theory, Rotter (1980) posits that individuals will build up general beliefs about the goodness of human nature based on previous experience. If their expectation for trust of others in one particular situation can be applied to other similar situations, such generalized expectations that individuals carry over time may eventually become a relatively stable personality trait (Rotter, 1980). This generalized anticipation as a consistent tendency to trust others, therefore, can be viewed as disposition or propensity to trust. The salient impact of disposition to trust on trust, however, is more observable in relationships that are new or lack knowledge about the other (Colquitt et al., 2007; Mayer et al., 1995). When situations provide salient behavioral cues, people will respond in socially expected ways and the expression of individual differences will be suppressed (McKnight et al., 1998). When situations provide ambiguous behavioral cues, people express their personality traits in response to stimuli. Empirical evidence indicates that disposition to trust is more predictive of trust levels when people have ambiguous information about an individual's trustworthiness (Gill, Boies, Finegan, & McNally, 2005; Colquitt et al., 2007), suggesting that individuals' reliance on disposition to trust in forming trust may diminish over time.

Proposition 1: In a new vertical dyad, due to lack of or little individuating information, disposition to trust has a direct effect on initial trust; in an older relationship, the utility of disposition to trust in forming trust is reduced and replaced by interaction-based perceived trustworthiness.

Social categories

Without a rich history of interaction, individuals may rely on observable physical features of a given person or second-hand categorical data to make judgments about his/her trustworthiness (Levin et al., 2006), including sex, race, ethnicity, age, nationality, occupation, or educational background. According to self-categorization theory, individuals have a tendency to classify others into social categories of salient demographic characteristics in order to reduce subjective uncertainty (Hogg & Terry, 2000). In the categorization process, stereotyping functions as an information-processing strategy that reserves considered cognitive efforts and allows the perceiver to rely on generalized beliefs about the attributes and behaviors of members of certain social groups (Hilton & von Hippel, 1996). Those stereotypical beliefs underlying readily visible cues (e.g., demographic attributes), in turn, exert influences on the perceiver's judgments of trustworthiness, regardless of their positive or negative connotations.

In addition to category-based stereotypes, social identity theory and the similarity-attraction paradigm suggest effects of comparative demographic attributes of individuals in dyads on evaluations of one another. Social identity theory posits that the self-enhancement motive drives individuals to attribute more positive traits (e.g., trustworthy, cooperative, honest) to ingroup members than to outgroup members in the categorization process (Brewer, 1979; Tajfel & Turner, 1979). Concurrently, it is presumed within the similarity-attraction paradigm that greater perceived similarities between organizational members will increase interpersonal liking (Tsui & O'Reilly, 1989) which, in turn, may evoke perceived trustworthiness (Williams, 2001). Scholarly work has empirically examined the effects of demographic similarity/dissimilarity on perceived trustworthiness or trust in vertical dyads, yielding mixed findings (e.g., Jeanquart-Baron, 1993; Scott, 1983; McAllister, 1995).

Aside from methodological concerns regarding the validity of instruments, inconsistent results from preceding studies can be attributed to some major conceptual shortcomings. First, they failed to acknowledge that the relative importance of demographic cues available for trust judgments changes over time. As individuals obtain more specific information for inferences and attributions of behavioral intentions over time, the increased knowledge and greater familiarity may reduce the use of stereotypes in judging one another (Lau & Murnighan, 1998; Levin et al., 2006). Second, when a manager-employee relationship is characterized by power and status inequalities (Tsui, Porter & Egan, 2002), a symmetrical matching process based on demographic attributes suggested by similarity-based attraction may not always operate for vertical dyads (Lau, Lam, & Salamon, 2008). According to expectation states and status construction theory (Correll, & Ridgeway, 2003), shared expectations and beliefs that members of a certain social category achieve a certain role or status render a means to infer whether certain demographic differences between job incumbents in vertical dyads meet expectations or lead to perceptions of status incongruence (Perry, Kulik, & Zhou, 1999).

Proposition 2a: A perception of social categories is a function of the salience of categories, similarity-based attraction, stereotypes, and a perception of category-based status congruence/incongruence in forming judgments of trustworthiness in vertical dyads.

Proposition 2b: The direct effect of social categories on perceived trustworthiness in vertical dyads decreases over time.

Emotions/moods

In trust formation, not only will cognitive processes lead to perceptions of trustworthiness, but affective states may also come into play (Schoorman et al., 2007). Moods and emotions are affective states that signal people's ongoing experiences and reflect their state of being (Jones & George, 1998). Moods refer to "low-intensity, diffuse and relatively enduring affective states without a salient antecedent cause and therefore little cognitive content (e.g. feeling good or feeling bad)", while emotions are "more intense, short-lived and usually have a definite cause and clear cognitive content" (Forgas, 1992, p. 230). According to the affect-as-information approach, people's affective states can be informative in interpreting their surroundings (Carlston, 2010) and, therefore, people may consult their pre-existing emotion or mood for form judgments at hand (Dunn & Schweitzer, 2005).

A relatively recent study by Dunn and Schweitzer (2005) concluded that the relationship between emotions and trust judgments in effect depends on the history of interaction and types of emotions. It can be thus postulated that dyadic trust between managers and employees is more likely to be subjected to both personal emotions and mood states when their history of interaction is short than when the history of interaction is long. Furthermore, Dunn and Schweitzer (2005) suggest that individuals are more likely to misattribute the valence of their emotions to trust judgments when the attribution of their emotions are assessed as other-person control than when their emotions are attributed to self or situational control.

Proposition 3a: The positive valence of moods/emotions will be likely to lead to higher levels of initial perceived trustworthiness; the negative valence of moods/emotions will be likely to lead to lower levels of initial perceived trustworthiness.

Proposition 3b: The emotional state caused by interaction with other people will be more likely to affect initial perceived trustworthiness than will the emotional state caused by self or situations.

Proposition 3c: The direct effect of a trustor's moods/emotions on perceived trustworthiness in vertical dyads decreases over time.

Third party

In organizations, a manager-employee dyad is hardly isolated from its social contexts (Ferrin et al., 2006). The relationships with other individuals surrounding the dyad may affect the trust that grows between the members of the dyad (Burt & Knez, 1996; Ferrin et al., 2006). The presence of third parties or social ties provides a valuable alternative conduit of knowledge about the prospective trustee. Organizational members may receive or seek out trust related information or messages from fellow colleagues, either through observing the prospective trustee's interaction with others, or by communicating with third parties. Because trust-related

information may be incomplete or insufficient to form judgments, even when direct experiences are in place, individuals may opt to use information directly or indirectly from third parties to supplement or verify knowledge from first-hand experiences (Ferrin et al., 2006).

Burt and Knez (1996) found that negative stories from a third party are likely to amplify distrust in a weak relationship, whereas positive stories serve to confirm trust in a strong relationship. The data in their study also indicated that the influence of negative information communicated by third parties on trust is greater than the influence of positive information on trust. According to the communication literature on source credibility (Giffin, 1967; Tormala, Brinol, & Petty, 2007), the third party's credibility perceived by people may also determine the extent to which the story of the third party will be accepted. Trust-related information from a third party is more likely to affect people's trust judgments when this third party is deemed credible than when he/she is not perceived as credible (Ferrin et al., 2006).

Proposition 4a: Over time, the effect of third party on perceived trustworthiness in vertical dyads may remain salient.

Proposition 4b: In a new vertical dyad, negative information from third parties will have a greater impact on perceived trustworthiness of the actor than positive information from third parties if third parties are considered credible.

History of interaction

When the length of a dyadic relationship grows, both the manager and the employee will have more meaningful interaction with each other and more opportunities to observe the other's behaviors (Lewicki et al., 2006). Repeated episodes of joint efforts and communication allow them to learn about each other's words and deeds (Nelson & Coopride, 1996). An employee's fulfillment of his or her role in the manager's expectations by accomplishing a series of assigned tasks or duties proves his/her input into the exchange, providing cues for the manager to make attributions (Dienesch & Liden, 1986). Leader-member exchange theorists imply that attribution strategies vary over different stages of a leader-member exchange relationship (Dienesch & Liden, 1986). Therefore, individuals may rely on more specific behavioral information than generalized expectancies, generalized beliefs, or heuristics to form trust in one another as they obtain greater knowledge over time.

Proposition 5a: The effect of history of interaction on perceived trustworthiness increases over time.

Shared perspectives

The relationship of shared perspectives in terms of values, beliefs, vision, attitudes, and preferences with interpersonal trust development has been theoretically discussed (Lewicki & Bunker, 1996; Sitkin & Roth, 1993; Williams, 2001). With the accumulation of knowledge about the other over time through third party information or direct experiences, one may develop expectations about the other's needs, attitudes, thoughts, and preferences and realize the similarities and commonalities beyond physical appearance between the two parties (Lewicki & Bunker, 1996). Some demographic backgrounds may create culturally common grounds (McAllister, 1995), whereas a history of interaction may provide a foundation for both parties to

develop a wide variety of shared experiences, such as shared language during their communication. Individuals in vertical dyads may exert influence on each other's thinking and behavioral patterns as the relationship matures through assimilation and internalization. Empirical evidence suggests that people perceive others as more trustworthy or report greater trust when others embrace similar values and outlooks (Gillespie & Mann, 2004; Levin et al., 2006; Tsai & Ghoshal, 1998) and communicate with shared language (Levin et al., 2006).

Proposition 5b: The effect of shared perspectives on perceived trustworthiness increases over time because shared perspectives are more possible when the relationship matures.

Proposition 5c: Shared perspectives partially mediate the relationship of interaction-based trustworthiness with social categories, history of interaction and third party.

DISCUSSION

In reviewing the existing literature, this paper sought to provide a better understanding about the roles of disposition to trust, social categories, trustor's moods and emotions, third party influence, history of interaction and shared perspectives in forming trust between managers and employees over time. Of selected trust parameters, third parties are the only factor whose influences on forming trust judgments remain salient in both initial and mature relationships. While the influences of disposition to trust, social categories, and trustor's moods and emotions become less important in a mature relationship as compared to an initial relationship, the utility of a history of interactions and shared perspectives is very likely to rise in accounting for trust judgments over time.

Given that this paper uses a limited set of trust variables to advance the understanding about the interplay between time and those variables, several limitations are acknowledged. Individuals are not socially isolated actors in the workplace (Kramer, 1991), insofar as the relationship between individuals' behavior and the surrounding social contexts can evolve as a circling loop. The trust development is in effect subject to the context-embedded nature of the personal and interpersonal factors. The context-embedded nature should be explicitly addressed. In particular, power distance and interdependent structure inherent in a vertical dyad may predispose the development of trust towards a complex calculative process beyond the dynamics described in this paper. Likewise, the effects of macro-level parameters (e.g., organizational structure, organizational culture, organizational policies, demographic composition, and national culture) can be observed on the trust development within vertical dyads across organizations. Future theoretical endeavors can seek to integrate these factors across different levels along with time into a conceptual framework, which will ultimately present a fuller picture of trust development. We proposed that the utility of trust parameters may remain salient or change over time. However, the time duration trust parameters require for changes in their informational utility may vary from parameter to parameter, from person to person, and from context to context. Empirical efforts must specify the time duration based on obtained data. As theoretical discussions on the antecedents to trust have been blooming, the configuration in the conceptual framework proposed in this paper requires validation from future empirical research, providing an alternative venue for future studies on trust in the context of managerial relationships.

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